

**DESOTO PARISH AMBULANCE SERVICE DISTRICT**  
**d/b/a/ DeSoto EMS**

**Logansport, Mansfield, & Stonewall, Louisiana**

**General-Purpose Financial Statements**  
**with Supplemental Statements**  
**June 30, 2002**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/18/03

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**DESOTO PARISH AMBULANCE SERVICE DISTRICT**  
**d/b/a DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**

General-Purpose Financial Statements  
June 30, 2002

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## INDEPENDENT AUDITOR'S REPORT

David Manning, Chairman  
and the Members of the Board of  
DeSoto Parish Ambulance Service District  
d/b/a/ DeSoto EMS

I have audited the general-purpose financial statements of the DeSoto Parish Ambulance Service District (d/b/a DeSoto EMS) as of June 30, 2002, and for the year then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of the DeSoto Parish Ambulance Service District's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the DeSoto Parish Ambulance Service District, as of June 30, 2002, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 17, 2003, on my consideration of the DeSoto Parish Ambulance Service District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

*Deborah D. Dees, CPA*

Mansfield, Louisiana  
April 17, 2003

**DESOTO PARISH AMBULANCE SERVICE DISTRICT**  
**d/b/a DeSoto EMS**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**Combined Balance Sheet**  
**June 30, 2002**

|  | <u>Governmental Fund Types</u> |                                  | <u>Account Groups</u>           |                                       | <u>Total<br/>Memorandum<br/>Only</u> |
|--|--------------------------------|----------------------------------|---------------------------------|---------------------------------------|--------------------------------------|
|  | <u>General<br/>Fund</u>        | <u>Debt<br/>Service<br/>Fund</u> | <u>General<br/>Fixed Assets</u> | <u>General<br/>Long-term<br/>debt</u> |                                      |
| <b>ASSETS</b>  |                                |                                  |                                 |                                       |                                      |
| Cash   | \$ 138,905                     | \$ 9,145                         | \$                              | \$                                    | \$ 148,050                           |
| Receivables  |                                |                                  |                                 |                                       | 0                                    |
| Ad valorem taxes                                       | 40,121                         |                                  |                                 |                                       | 40,121                               |
| Services charges                                       | 144,695                        |                                  |                                 |                                       | 144,695                              |
| Caddo Parish Fire District #3                          | 84,845                         |                                  |                                 |                                       | 84,845                               |
| Fixed assets   |                                |                                  | 367,454                         |                                       | 367,454                              |
| Amount to be provided for retirement of long-term debt |                                |                                  |                                 | 304,000                               | 304,000                              |
| <b>TOTAL ASSETS</b>                                    | <u>\$ 408,566</u>              | <u>\$ 9,145</u>                  | <u>\$ 367,454</u>               | <u>\$ 304,000</u>                     | <u>\$ 1,089,165</u>                  |
| <b>LIABILITIES &amp; FUND EQUITY</b>                   |                                |                                  |                                 |                                       |                                      |
| <b>Liabilities</b>                                     |                                |                                  |                                 |                                       |                                      |
| Payroll deductions payable                             | \$ 9,869                       | \$                               | \$                              | \$                                    | \$ 9,869                             |
| Amount to be provided for revenue bond retirement      |                                |                                  |                                 | 304,000                               | 304,000                              |
| Total liabilities                                      | <u>9,869</u>                   | <u>0</u>                         | <u>0</u>                        | <u>304,000</u>                        | <u>313,869</u>                       |
| <b>Fund equity:</b>                                    |                                |                                  |                                 |                                       |                                      |
| Investment in general fixed assets                     |                                |                                  | 367,454                         |                                       | 367,454                              |
| <b>Fund balance:</b>                                   |                                |                                  |                                 |                                       |                                      |
| Reserved for revenue bond retirement                   |                                | 6,582                            |                                 |                                       | 6,582                                |
| Unreserved-undesignated                                | 398,697                        | 2,563                            |                                 |                                       | 401,260                              |
| Total Fund Equity                                      | <u>398,697</u>                 | <u>9,145</u>                     | <u>367,454</u>                  | <u>0</u>                              | <u>775,296</u>                       |
| <b>TOTAL LIABILITIES &amp; FUND EQUITY</b>             | <u>\$ 408,566</u>              | <u>\$ 9,145</u>                  | <u>\$ 367,454</u>               | <u>\$ 304,000</u>                     | <u>\$ 1,089,165</u>                  |

**DESOTO PARISH AMBULANCE SERVICE DISTRICT****d/b/a DeSoto EMS**

**GOVERNMENTAL FUND TYPE--GENERAL AND DEBT SERVICE FUNDS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances--**  
**For the year ended June 30, 2002**

|   | <u>GENERAL FUND</u> | <u>DEBT SERVICE<br/>FUND</u> |
|---|---------------------|------------------------------|
| <b>REVENUES:</b>  |                     |                              |
| Ad valorem taxes  | \$ 456,072          | \$ 211,110                   |
| Ambulance service charges   | 737,945             |                              |
| Contractual adjustments and nonreimbursable service charges                                   | (372,072)           |                              |
| Use of money & property   | 3,347               |                              |
| <b>TOTAL REVENUES</b>   | <u>825,292</u>      | <u>211,110</u>               |
| <b>EXPENDITURES:</b>  |                     |                              |
| Emergency Services:   |                     |                              |
| Current:  |                     |                              |
| Personal services   | 466,975             |                              |
| Operations  | 28,646              |                              |
| Occupancy   | 13,745              |                              |
| General & administrative  | 44,775              |                              |
| Debt service principal  |                     | 191,000                      |
| Debt service interest   |                     | 10,965                       |
| Capital outlays   | 361,880             |                              |
| <b>TOTAL EXPENDITURES</b>   | <u>916,021</u>      | <u>201,965</u>               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                                  | (90,729)            | 9,145                        |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                              |
| Bond proceeds   | 495,000             |                              |
| Bond issuance costs   | (5,574)             |                              |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <u>489,426</u>      | <u>0</u>                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>SOURCES OVER EXPENDITURES AND OTHER USES</b> | 398,697             | 9,145                        |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>   | 0                   | 0                            |
| <b>FUND BALANCES, END OF YEAR</b>   | \$ <u>398,697</u>   | \$ <u>9,145</u>              |

**DeSoto Parish Ambulance Service District**  
**d/b/a/ DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2002**

**INTRODUCTION**

The DeSoto Parish Ambulance Service District was created by resolution July 12, 2000, to provide ambulance service and emergency medical assistance to the entire population of the Parish. A five-member Board of Commissioners appointed by the DeSoto Parish Police Jury governs the District. The District has approximately 40 employees consisting of paramedics, emergency medical technicians, and dispatchers. The District maintains stations in Stonewall, Logansport, and Mansfield. The District does business as DeSoto EMS.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying general purpose financial statements of the DeSoto Parish Ambulance Service District (The EMS) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies follow.

**A. Reporting Entity**

As the governing authority of the parish, for reporting purposes, the DeSoto Parish Police Jury is the financial reporting entity for DeSoto Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the DeSoto Parish Police Jury for financial reporting purposes. The basis criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the Board of Commissions of the District, it was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the EMS and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**DeSoto Parish Ambulance Service District**  
**d/b/a/ DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**  
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**June 30, 2002**

**B. Fund Accounting**

The DeSoto Parish Ambulance Service District uses funds and account groups to report on financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they did not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

The funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Ambulance Service District's current operations require the use of governmental and fiduciary funds as described below:

**Governmental Funds**

**General Fund.** The general fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund and is used to account for the operations of the Emergency Medical Service's office. The EMS's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, and various other reimbursements, fees, grants, and commissions. General operating expenditures are paid from this fund.

**Debt Service Fund.** Debt service funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales, taxes, and federal grants.

**C. Basis Of Accounting**

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting the governmental fund type and agency fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The DeSoto Parish Ambulance Service District uses the following practices in recording revenues and expenditures:



**DeSoto Parish Ambulance Service District**  
**d/b/a/ DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2002**

**Revenue**

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

Ambulance service charges are recorded when billed. The contractual adjustments to these charges are recorded after insurance reimbursements have been made. Since DeSoto Parish residents are not required to reimburse the EMS for their services, this adjustment also includes an estimate of the services provided to them that will not be reimbursed. Interest income on time deposits are recorded when the time deposits have matured and the interest is available. Based on the above criteria, fees, charges, and commissions for services are treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

**Other Financing Sources and (Uses)**

Bond proceeds and costs are accounted for as other financing sources and uses are recognized when the underlying events occur.

**D. Fixed Assets and Long-Term Obligations**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. Fixed assets are valued at actual costs. No depreciation has been provided on general fixed assets.

Long-term obligations are recognized as a liability of a governmental fund only when paid. The remaining portion of such obligations is reported in the general long-term obligations account group.

**E. Budgets**

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the EMS office during the month of December for comments from taxpayers. The budget is then legally adopted by the District and amended during the year, as necessary. Budgets are established and controlled by the District at the object level of expenditure. The District Board must approve all changes or amendments to the budget.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts are not included in the accompanying financial statements. The original budget was adopted for a calendar year and these financial statements are for the fiscal year of July 1, 2001 to June 30, 2002.



**DeSoto Parish Ambulance Service District**  
**d/b/a/ DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2002**

**F. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the DeSoto Parish Ambulance Service District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the DeSoto Parish Ambulance Service District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed six months; however, if the original maturities are six months or less, they are classified as cash equivalents. Investments are stated at cost.

**G. Vacation and Sick Leave**

After one year of service, all regular, full-time employees are granted three 24-hour shifts or 42 hours (dispatch) of vacation leave each year. After two years the employees are granted four 24-hour shifts or 60 hours (dispatch) of paid vacation. With 5 years plus continuous service with the DeSoto Parish Ambulance Service District, employees are granted six 24-hour shifts or 84 hours (dispatch) vacation each year. Sick leave will accumulate for full-time employees at a rate of 4 hours per pay period after one year of service. At June 30, 2002, no employees had one year of service; therefore, no provision for vacation or sick leave is reflected in the financial statements.

**H. Risk Management**

The DeSoto Parish Ambulance Service District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the EMS maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist, and collision; health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. No claims were paid on any of the policies during the past year that exceeded the policies' coverage amounts. In addition to the above policies, the District also maintains a liability insurance policy with the Louisiana Ambulance Service District's Risk Management Program. No claim has been paid on the policy during the past year nor is the District aware of any unfiled claims.

**I. Total Column On The Balance Sheet**

The total column on the balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis (overview). Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**DeSoto Parish Ambulance Service District**  
**d/b/a/ DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2002**

**2. LEVIED TAXES**

The DeSoto Parish Ambulance Service District was authorized an ad valorem tax millage of 4.0 mills and levied taxes of 4.0 mills for 2001. This tax is for the purpose of paying the cost of providing ambulance service in the parish and is for a period of ten years beginning with the year 2001 and ending with the year 2010. Ad valorem taxes are recorded in the year the taxes are assessed. The taxes are normally collected in December of the current year and January and February of the ensuing year. Property taxes are recorded as receivables and revenues in the year assessed. The property tax calendar is as follows:

|                            |                   |
|----------------------------|-------------------|
| Assessment date            | January 1, 2001   |
| Levy date                  | June 30, 2001     |
| Tax bills mailed           | October 15, 2001  |
| Total taxes due            | December 31, 2001 |
| Penalties & interest added | January 31, 2002  |
| Tax sale                   | May 15, 2002      |

Total assessed value was \$197,339,762 in 2001. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$29,339,407 of the assessed value in 2001.

The following are the principal taxpayers for the parish (2001 amounts):

| Taxpayer                     | Type of Business | Assessed Valuation   | Percentage of Total Assessed Valuation |
|------------------------------|------------------|----------------------|--|
| Central La. Electric Co.     | Utility          | \$36,101,118         | 18.29%                                 |
| International Paper Co.      | Manufacturing    | 34,538,143           | 17.50%                                 |
| Southwestern Electric        | Utility          | 29,280,681           | 14.84%                                 |
| Dolet Hills Mining Venture   | Mining           | 4,542,830            | 2.30%                                  |
| Northeast Texas Electric     | Utility          | 2,717,238            | 1.38%                                  |
| Bellsouth Telecommunications | Utility          | 2,684,020            | 1.36%                                  |
| El Paso Production Co.       | Oil & Gas        | 2,159,456            | 1.09%                                  |
| Oklahoma Municipal Power     | Utility          | 2,084,120            | 1.06%                                  |
| Louisiana Pacific            | Utility          | 1,660,617            | 0.84%                                  |
| Southern Natural Gas Co.     | Oil & Gas        | 1,753,800            | 0.89%                                  |
| Total                        |                  | <u>\$117,522,023</u> | <u>59.55%</u>                          |

**DeSoto Parish Ambulance Service District**  
**d/b/a/ DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2002**

**3. CASH**

At June 30, 2002, the District has cash in interest bearing and non-interest bearing accounts (book balance) totaling \$148,049.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2002, the district has \$178,548 in deposits (collected bank balances). These deposits are secured from risk by \$127,220 of federal deposit insurance. The remaining balance of \$51,328 is not secured by the pledge of securities and is a violation of state law.

**6. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in equipment and bond issuance costs as follows:

|                      | Balance at<br>July 1, 2001 | Additions         | Deductions | Balance at<br>June 30, 2002 |
|----------------------|----------------------------|-------------------|------------|-----------------------------|
| Ambulances           | \$ -0-                     | \$ 361,880        |            | \$ 361,880                  |
| Bond insurance costs | -0-                        | 5,574             |            | 5,574                       |
|                      | <u>\$ -0-</u>              | <u>\$ 367,454</u> |            | <u>\$ 367,454</u>           |

**7. CHANGES IN GENERAL LONG-TERM DEBT**

At June 30, 2002, the long-term debt of the District consisted of the following individual issues:

Certificates of Indebtedness, Series 2001, for \$370,000  
dated August 23, 2002, collateralized by ad valorem taxes,  
five annual installments due in March at 4.33% \$ 304,000

Certificates of Indebtedness, Series 2001, for \$125,000  
dated August 23, 2002, collateralized by ad valorem taxes,  
one installment due March 2002 at 3.98% -

\$ 304,000

Long-term debt July 1, 2001

Additions \$ 495,000

Deductions (191,000)

Long-term debt June 20, 2002 \$ 304,000

**DeSoto Parish Ambulance Service District**  
**d/b/a/ DeSoto EMS**  
**Logansport, Mansfield, & Stonewall, Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2002**

**7. CHANGES IN GENERAL LONG-TERM DEBT (continued)**

The District maintains a sinking fund and is required to deposit the first revenues of the ad valorem tax collections received until the sum equals the principal and interest falling due in the calendar year. The principal and interest requirements are as follows:

| <u>Year end<br/>June 30,</u> | <u>Amount</u>     |
|------------------------------|-------------------|
| 2003                         | \$ 76,582         |
| 2004                         | 79,066            |
| 2005                         | 81,464            |
| 2006                         | 83,775            |
|                              | <u>\$ 320,887</u> |

**8. PENSION PLAN**

The employees of the District are members of the Social Security System. In addition to the employee contributions withheld at 7.65% of gross salary, the District contributes an equal amount to the Social Security System. The District does not guarantee the benefits granted by the Social Security System.

**9. OPERATING LEASE**

The EMS rents a building in Mansfield, Louisiana, for one of its stations. The lease is on a yearly renewal basis. Lease payments for year end June 30, 2002 are \$3,600.

**10. LITIGATION AND CLAIMS**

At June 30, 2002, the DeSoto Parish Ambulance Service District was not involved in any litigation nor was aware of any unasserted claims.

*Deborah D. Dees, MBA, CPA*



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CERTIFIED PUBLIC ACCOUNTANT

**Report on Compliance and on Internal Control over Financial Reporting Based  
On an Audit of Financial Statements in Accordance with *Government  
Auditing Standards***

David Manning, Chairman  
And the Members of the Board  
The DeSoto Parish Ambulance Service District  
d/b/a DeSoto EMS

I have audited the general-purpose financial statements of the DeSoto Parish Ambulance Service District d/b/a DeSoto EMS, as of and for the year ended June 30, 2002, and have issued my report thereon dated April 17, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the DeSoto Parish Ambulance Service District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed five instances of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2002-1, 2002-2, 2002-3, 2002-4, and 2002-5.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the DeSoto Parish Ambulance Service District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the DeSoto Parish Ambulance Service District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. Reportable conditions are described in the accompanying schedule of current year audit findings as items 2002-6 and 2002-7.

This report is intended solely for the information and use of the DeSoto Ambulance Service District's, management, cognitive agencies, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Deborah D. Dees, CPA*

Mansfield, Louisiana  
April 17, 2003

**DESOTO PARISH AMBULANCE SERVICE DISTRICT  
d/b/a DeSoto EMS**

**Schedule of Findings and Questioned Costs  
For the Year ended June 30, 2002**

**SUMMARY OF AUDITOR'S REPORTS**

**INDEPENDENT AUDITOR'S REPORT:**

I have audited the general-purpose financial statements of DeSoto Parish Ambulance Service District d/b/a DeSoto EMS as of and for the year ended June 30, 2002, and have issued my report thereon dated April 17, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the general-purpose financial statements as of June 30, 2002, resulted in an unqualified opinion.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING:**

The results of my tests disclosed five instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the schedule of findings below as items 2002-1, 2002-2, 2002-3, 2002-4, and 2002-5.

I noted two matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions, and which are described in the schedule of findings below as items 2002-6 and 2002-7.

**COMPLIANCE FINDINGS:**

**2002-1** DeSoto Parish Ambulance Service District (EMS) violated LSA-RS 33:2929 requiring deposits of cash and cash equivalents be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. During the year, balances in Sabine State Bank and Progressive National Bank exceeded \$100,000 several months, with no pledged securities as collateral.

Recommendation: The EMS should have these financial institutions pledge enough securities to secure their deposits. These amounts should be monitored monthly for proper compliance.

**2002-2** DeSoto Parish Ambulance Service District, violated LSA-RS 39:1307 Public participation of the Local Government Budget Act. There was no published notice stating that the proposed budget was available for public inspection. There was no public hearing held before the budget was adopted. There was no certified copy of the budget available from management.

Recommendation: The Administrator and the Board of Commissioners should apprise themselves of the budget act. Notice should be published, a public hearing on the budget should be conducted, and a copy of the budget kept with the minutes.

**2002-3** Bond sinking fund payments were not made in accordance with the bond requirements. The EMS is required to deposit into a sinking fund account the first revenues of the ad valorem tax receipts, until it equals the sum of the principal and interest falling due on the Certificates that ensuing year. The EMS deposited all monies in an operating account

Recommendation: A separate account should be established and funds appropriately deposited as required.



**DESOTO PARISH AMBULANCE SERVICE DISTRICT**  
**d/b/a DeSoto EMS**

Schedule of Findings and Questioned Costs  
For the Year ended June 30, 2002

**COMPLIANCE FINDINGS (continued):**

**2002-4** DeSoto Parish Ambulance Service District did not maintain adequate accounting records to provide evidence of legal compliance with Internal Revenue payroll filing regulations. Management would not provide copies of federal and state quarterly payroll reports for examination. There were also letters received from the Internal Revenue Service and the Louisiana Department of Revenue that certain reports had not been received. Forms had to be requested from the Internal Revenue Service. Upon receipt in April, 2003, examination indicated that during the year 2001, the quarterly reports, and year end W-2s, W-3, 1099s, etc, were filed using an incorrect federal identification number. The state never received its copies of the W-2s. The first quarter 2002 Form 941 was never filed. At the date of this report, the EMS could be facing over \$2,000 in late filing penalties.

Recommendation: Have the above forms that were filed using an incorrect federal identification number changed to the EMS account number. Recreate the payroll for the first three months of 2002 so a proper first quarter Form 941 can be filed. Recreate the 2001 W-2s and file them with the Louisiana Department of Revenue. Retain copies for the files.

**2002-5** In violation of R.S. 24:514, the DeSoto Parish Ambulance Service District did not file a timely audit report with the Legislative Auditor. Due to the problems cited in compliance finding 2002-4, records could not be examined in order to issue an unqualified audit opinion until new management acquired the necessary legal and compliance documents.

Recommendation. Keep adequate records in order to comply with timely audit requirements.

**INTERNAL CONTROL FINDINGS:**

**2002-6** Payroll reports were filed with no indication that they were reviewed or approved by management. A clerk was responsible for filing timely and accurate payroll reports. The clerk signed these reports with no apparent approval or review from management.

Recommendation: The administrator should review and sign all payroll reports and require copies of the reports to be filed in the records maintained by the EMS.

**2002-7** The accounting system of the DeSoto Parish Ambulance Service District was insufficient for the management to extract clear and concise information or financial reports in a timely manner. The system could not reflect the financial position of the District so that appointed officials could make proper stewardship decisions or compare revenues and expenditures to the budget.

Recommendation: Maintain a system structured to comply with legal accounting requirements and maintain the ability to produce financial statements that reflect accurate fiscal condition and results of operations.

# ***DeSoto Parish EMS***

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P. O. Box 430  
Logansport, LA 71049

May 22, 2003

I have reviewed the "Report on Compliance and on Internal Control Over Financial Reporting" and the "Schedule of Findings and Questioned Costs" issued in conjunction with our June 30, 2002 audit. Please find listed below our corrective actions taken to correct each finding.

**2002-1** The EMS is now in compliance with the requirement for the deposits to be secured by FDIC insurance or pledged securities.

**2002-2** The 2002-2003 budget was properly published. There was a public hearing held before the budget was adopted. There is a copy of the budget with the minutes and in the files.

**2002-3** The ad valorem tax revenues collected for the year 2003 were deposited in a special sinking fund account until it had at least the amount of the current year principal and interest due on our bonds.

**2002-4** We requested and received copies of prior reports from the proper authorities, or we had them recreated for our files. All necessary reports have now been filed, corrected, and/or brought up-to-date with the Internal Revenue Service, Social Security Administration, and the Louisiana Department of Revenue. Copies of these reports are in our files.

**2002-5** All records are available in order to file a timely audit for year end June 30, 2003.

**2002-6** All time reports, payroll checks, and payroll reports are being reviewed and approved in writing by management before being issued. Payroll reports are signed by management and copies are in our files.

**2002-7** An outside bookkeeping/payroll service was contracted to keep our financial information according to legal accounting requirements. Management and the Board receive monthly financial reports that reflect financial position and operations and compare revenues and expenditures to budget so proper decisions can be made.

Respectfully submitted,



David Manning  
Chairman